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ADDRESSES

of His Excellency,

WESTMORELAND DAVIS

Governor of Virginia

AND THE

HON. ROSEWELL PAGE

Second Auditor of Virginia

Before the Convention of the Virginia Good Roads Association, held in Richmond, Virginia, January 14, 15 and 16, 1919

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How to Get Good Roads in Virginia

Westmoreland Davis, Governor of Virginia

Mr. Chairman, Ladies and Gentlemen:—

It is always a pleasure for me to meet in conference with my fellow citizens, but especially is this the case when I feel that we are to enter upon a great work for the development of Virginia—the building for her of a great system of highways.

When I was asked to speak to you today upon "future highway improvement in Virginia," I readily accepted, as it seemed to me an opportunity for us to do a great work for our State and to sound a note of enthusiastic endeavor, which will find its expression in roads built on the ground rather than in rhetorical phrases recorded on paper.

When I offered myself as a candidate for Governor of Virginia, I issued to the people a platform, which contained my pledges as to official action, if elected. To this, when questions of State present themselves for consideration, I always make reference; for the pledges that I have made to the people of Virginia and upon which I was elected are the guiding spirit of my administration.

I have promised in my platform and in my inaugural address to the utmost of my power to encourage the building of goods roads, and now that the war is ended I feel that we should address ourselves seriously to this important subject.

The aid offered by the federal government to the States is distinctly unsatisfying, in view of the fact that the mobility of an army is dependent upon the character of the roads used by it as well as by the fact that heavy trucks are being used in the postal service for parcel post and mail delivery. Indeed during this war enormous army trucks driven at great speed in large convoys destroyed or did irreparable damage to bridges and highways connecting military establishments as well as jeopardized the safe and prompt movement of war supplies. A statesmanlike grasp of the proper relation between Nation and State in the administration of the affairs of our people would suggest the building by the federal government of these trunk lines for military and postal service.

Virginia is sparsely settled, having over 10,000,000 acres of land not under cultivation, and which can only be brought into use by the development of such highways as will facilitate the transportation of farm products and the easy access of farm population to city conveniences. Such highways are of substantial benefit to the owner of motor vehicles. It is estimated that upon an average yearly travel of five thousand miles, the average automobile will save twenty dollars in the cost of gasoline alone when good roads instead of dirt roads are used. The benefit derived by the farmer from good roads is greater still. His teams haul more quickly heavier loads with less wear and tear upon either team or vehicle; he saves one-half the cost of hauling his crops to market.

Good roads have great educational and social value; schools and neighbors are ready of access and community centres are quickly developed. Improved roads increase facilities for marketing, add to farm values and to the State's economic wealth to an amount that will pay many times the cost of the original road construction. Virginia is rich in historic value and tourists will find in her natural beauties and scenic

effects wonderful attraction. These itinerant parties will scatter wealth where they go as does the touring population in Vermont, New Hampshire and Massachusetts in this country, and as in Continental Europe. Then too, there should be public works under construction in the State to aid the unemployed, and good roads are a condition precedent to the successful placing of such of our returning soldiers as may be seeking to establish for themselves homes on our farming lands.

Various methods have been tried in different States to secure funds with which to build roads. In Wisconsin the counties bear the cost of construction of the State Highway System, the State paying for the upkeep. This plan would not be applicable to Virginia for the supervisors of many counties might not care to bear the burden involved nor would they be likely to adopt the type of road which the heavy traffic of the future will demand. In Kansas federal aid is combined with county aid which is had by an assessment of benefits upon the adjacent land owners. It is not likely that our farmers would be content to assume the cost of highways constructed along this plan as with our lower values and the high cost of construction our farmers would find the amount necessarily assessed distinctly onerous, if not confiscatory.

There are really but two plans worthy of consideration, one the issuing of State bonds after our Constitution has been amended, and the other by paying for the roads out of the revenues of the State derived from taxation.

A program of State highways adopted by the legislature in 1918, and involves the permanent improvement of 3,740 miles of road. Provision has been made for maintenance of the system, and for State aid for the construction and maintenance of county highways which serve as laterals.

For the realization of this program the State has at present the following possibilities:

a—A three-tenths of a mill tax equivalent to approximately $375,000 a year which is devoted entirely to construction in connection with the State highway program.

b—A State appropriation of $510,000 covering the years 1918 and 1919 to meet federal aid on State roads.

c—Federal aid which in the five years, 1917-21, inclusive, will amount to approximately $1,500,000.

d—The income from automobile licenses which in the fiscal year 1918-19 will amount to about $670,000, the major portion of which must be devoted to re-surfacing, construction and repair of such partially improved roads as are already included in the State Highway System and which total approximately 1,500 miles. At the discretion of the Highway Commissioner, a part of this may be, but is not at present, devoted to the maintenance of county roads.

e—A State appropriation of $300,000 per year to be devoted to the maintenance of already constructed county highways and construction in such counties as have not a developed highway system in need of maintenance.

f—The use of between 1,000 and 1,200 prisoners for the maintenance and guarding of which the State appropriates $250,000 and the services of whom may be evaluated at anywhere between $250,000 and $600,000 annually.

This gives a total of approximately $2,150,000 annually under the present plan to be devoted to the construction, reconstruction, re-surfacing and maintenance of the entire highway system of the State, including the State and county programs. Of this sum approximately $970,000, which includes $300,000 State aid to counties, and $670,-

000 to automobile licenses, is devoted almost entirely to highway maintenance and is probably inadequate for this purpose.

This leaves a maximum balance of $1,180,000, which may be annually spent for construction of the State Highway System. It is estimated that the average price of desirable road construction in this State' program is to cost $20,000 per mile. At this rate it would require about sixty-five years to carry out the State highway program as passed by the General Assembly in 1918, eliminating any increase of that program made necessary by the development of Virginia's population and economic resources, and disregarding the fact that the roads laid would have to be replaced several times during this period.

It becomes immediately apparent that such a rate of road construction is out of the question if the Commonwealth of Virginia is to keep pace with its own needs and is to enter into successful economic competition with other States, which are entering into large construction programs.

It is impossible for anyone who has not given considerable thought, supported with an intimate knowledge of Virginia's topography, distribution of population, and resources to make any complete estimate as to the highway needs of the State. In fact, probably any estimate made even through such special knowledge will be entirely obsolete in a brief period of years owing to natural rapid development by even the beginnings of a comprehensive highway system and the impetus given this development.

It may be assumed for purpose of argument that the State Highway System will involve only a permanent type of road construction varying in degrees of permanency with the character of transportation and the growth and change of transportation needs. It is possibly fair to assume that such highways will on an average cost $20,000 per mile for original construction. On this basis it would cost approximately $75,000,000 to construct the present State Highway System in permanent form. This is too large a sum of money to be considered at the present moment, but it may not seem so stupendous in future years.

The present problem then is to determine a sum of money which will be adequate to develop the essential highways which go to make up this 3,740 miles of a State Highway System. This again is a problem for the authorities in charge of highway construction in Virginia, but it is probably safe to estimate that 1,200 miles of road construction done in the immediate future would lay the foundation upon which may be built a complete highway system in coming years.

The cost of these 1,200 miles would approximate $25,000,000. Virginia's problem, therefore, is to raise and spend a sum of $25,000,000 during such a limited period of years that the public may notice an appreciable increase in their highway system, may benefit accordingly from increasing economic values, and may be educated thereby to the essential need of constructing a complete system.

Should it be determined to issue twenty-five millions of bonds, the payment of interest and principal will have to be met by taxation. It may be of interest to know what other States are doing, as reported by the American Highway Association in the "Good Road Year-Book, 1917":

State	Bonds	Area	Population
California	$ 33,000,000	158,297 sq. miles	2,983,000
Florida (counties) ..	11,000,000	58,666 sq. miles	893,000
Illinois	60,000,000	56,665 sq. miles	6,131,000
Maryland	18,470,000	12,327 sq. miles	1,360,000
New York	100,000,000	49,204 sq. miles	10,366,000
Pennsylvania	50,000,000	46,126 sq. miles	8,510,000

In addition the following bond issues are under discussion:

State	Bonds	Area	Population
Minnesota	100,000,000	57,980 sq. miles	3,074,000
North Carolina	30,000,000	69,127 sq. miles	1,518,000
Washington	30,000,000	52,426 sq. miles	2,400,000
Michigan	$ 50,000,000	84,682 sq. miles	2,265,000

These figures are hardly more than indicative. Many States not enumerated have extensive systems of improved highways, which have been built from annual appropriations, or by county bonds, or both.

It has been seen that bonds would be only issued after the amendment of our State Constitution, and it is scarcely probable that construction of highways could be undertaken with the proceeds of the sale of such bonds until 1923, and that this plan would entail a large outlay in the payment of interest.

In Illinois, at the election in November, 1917, the issuing of sixty million dollars of twenty year bonds for the purpose of creating a five thousand mile road program was authorized, the entire cost to be borne by the automobile owners. This proposal proved immensely popular with the voters, because a vast majority of them were not required to pay any direct cost of road construction. On the other hand automobile owners in general were glad to assume the burden inasmuch as there were distinct benefits far outweighing the cost. By this method Illinois was able to raise ample funds to pay the principal and interest on this large bond issue, and had practically as much more available for other purposes from the same source. The idea has proved popular and similar measures are being discussed in Minnesota and Washington. The feasibility of such a program for Virginia may be decided only after a study of automobile license revenues in connection with certain other State revenues, inasmuch as automobile licenses are now segregated for road maintenance. There is a distinct advantage to such segregation inasmuch as it provides a constantly increasing fund for the purpose of highway maintenance.

The present automobile rates on typical cars for a number of States, as reported by the American Automobile Association, are as follows:

State	Ford	Dodge	Packard
New York	$ 5.00	$ 5.00	$15.00
Ohio	5.00	5.00	5.00
Illinois	6.00	6.00	16.00
Pennsylvania	10.00	10.00	15.00
Michigan	9.25	11.75	23.00
Wisconsin	10.00	10.00	10.00
Maryland	13.20	14.40	28.80
Virginia	8.80	9.60	19.20
Tennessee	6.60	7.20	14.40
Louisiana	5.50	6.00	12.00
Utah	5.00	5.00	15.00

An increase of fifty per cent in the automobile licenses in Virginia would affect only a limited number of persons, who are probably most able to bear the small tax, and if they knew that the sum was to be used for the construction of highways, would be glad to pay the increase. It is hardly to be assumed that any person in purchasing an automobile would refrain because of the imposition of an annual State tax. It is doubtful, if probable, purchasers would refrain from owning an automobile in Virginia, if the tax were even double the increased tax imposed. Under these circumstances and considering the limited wealth

of the State, in proportion to its area, its undeveloped resources and its needs of roads, it seems entirely feasible that a tax on automobiles should be increased even higher than the rate prevailing in most States.

The incomplete return from automobile licenses for the year March 1, 1918, to March 1, 1919, is $648,454. Had the tax been increased fifty per cent during this year, the return would have been practically a million dollars.

If bonds are issued, the use of licenses to meet the resulting financial obligations will not be necessary until 1923. At this date and following, judging from past experience, there would be a considerable increase from this source in revenues.

Automobile licenses, as indicated by the books of the State Highway Commission, have returned to the State in the past few years the following sums of money:

Year	Amount of tax	Percentage of increase over preceding year
1910	$ 20,669	
1911	35,575	73
1912	51,245	44
1913	80,025	56
1914	116,188	45
1915	170,646	47
1916	271,610	59
1917	483,470	44
1918	648,454	32

Average increase: 50 per cent.

Evidence that a reasonable future increase in such licenses may be anticipated is indicated by the table for a number of typical States, showing the number of machines, total population, and population per machine:

State	Number of machines	Population	Machines to number of persons
Ohio	297,239	5,181,220	1—17
New York	345,936	10,366,778	1—30
Illinois	285,000	6,131,572	1—22
Pennsylvania	254,735	8,510,515	1—33
Wisconsin	142,080	2,513,758	1—18
Maryland	17,854	1,360,091	1—28
Virginia	44,550	2,186,768	1—49
Tennessee	42,000	2,288,004	1—54
Louisiana	25,406	1,829,130	1—72
Utah	17,065	433,267	1—25
Michigan	189,000	3,074,560	1—17

The possibility of Virginia having the same number of machines in proportion to its population as the States of Michigan, Ohio and Illinois, is regulated only by the wealth of the people, and the roads which the machines use. The roads themselves will directly affect that wealth.

For the purpose of calculating automobile licenses as a means of financing a bond issue, it is assumed that there will be an annual increase of only ten per cent. in the amount collected from licenses beginning with 1920, and that only $20,000,000 of bonds will be issued. From this estimated revenue is deducted the actual amount necessary to finance $20,000,000 of twenty year bonds at four and one-half per cent. The remainder is available for maintenance.

Following is a table of anticipated revenues from automobile licenses assuming an increase of fifty per cent. in the rate applicable in 1920, with the amount necessary to finance $20,000,000 of twenty year four and one-half per cent. bonds, and the balance available for road maintenance:

Year	Estimated revenue	Required for bonds	Balance available for maintenance
1918	$ 675,000	None	$ 675,000
1919	1,072,000	None	1,072,000
1920	1,179,000	None	1,179,000
1921	1,296,000	None	1,296,000
1922	1,425,000	None	1,425,000
1923	1,567,000	None	1,567,000
1924	1,723,000	$ 308,000	1,415,000
1925	1,895,000	616,000	1,279,000
1926	2,084,000	924,000	1,160,000
1927	2,292,000	1,232,000	1,060,000
1928	2,521,000	1,570,000	981,000

After 1928 the charges remain steady, while the amount for maintenance increases. Also, it may be reasonably assumed that the State would be willing to augment this maintenance money by reasonable taxation, if necessary.

The advantages of this plan are:

1—$20,000,000 is secured for roads without recourse to property taxation.

2—The money at present received from automobile licenses is left practically intact.

The disadvantages of this plan are:

1—State bonds must be issued.

2—Work cannot begin until 1923.

3—It breaks the precedence of leaving all automobile license revenue for highway maintenance.

4—Money must be raised in 1920-1922 to meet federal aid.

5—Imposes an unequal burden upon certain classes.

Should it be desired to issue $25,000,000 four and one-half per cent bonds based upon an available assessment of $1,300,000,000, as of 1918, this would require for a five year period, beginning:

Year	Mill	Issue
1924	13/100	3,000,000
1925	32/100	5,000,000
1926	42/100	5,000,000
1927	68/100	6,000,000
1928	86/100	6,000,000

The rate would decrease at the end of five years with the increased assessment. In 1942 all bonds would have been issued and paid for. This includes provision for federal aid and maintenance, but federal aid between now and 1924 has to be provided for by taxation.

Should the automobile tax be increased by fifty per cent, it is estimated that this would lessen the tax rate to three-tenths of a mill.

Should it be desired to construct the highways without issuing bonds, the State could levy a mill tax as well as increase automobile licenses,

which would make available a sum for road construction which before 1928 wculd pass the amount to be raised by the issue of bonds and would be available for work in 1920 instead of 1923.

It must be remembered that a mill tax is simply a tax of one dollar upon the thousand dollars of assessed values, and considering our low assessments of property as related to actual value, this would amount, as a tax in Virginia, to less than thirty-three and one-third cents on the thousand dollars of actual value. I have adopted the mill tax rather than the mill and one-half, as I feel that provision must also be made for the betterment of rural schools by the next legislature.

There follows a table of estimated revenue derived from a mill tax and increased automobile licenses from 1920 to 1928:

Year	1 mill tax	Automobile licenses	Amount available
1920	$1,447,000	$1,179,000	$2,626,000
1921	1,548,000	1,296,000	2,854,000
1922	1,625,000	1,425,000	3,050,000
1923	1,706,000	1,567,000	3,273,000
1924	1,793,000	1,723,000	3,516,000
1925	1,882,000	1,895,000	3,777,000
1926	2,013,000	2,084,000	4,097,000
1927	2,113,000	2,292,000	4,405,000
1928	2,218,000	2,521,000	4,739,000
	$16,345,000	$15,982,000	$32,347,000

It is assumed that the automobile license money will be divided between maintenance and construction on the basis of two-thirds to maintenance and one-third to construction, inasmuch as licenses are being increased one-third for the latter purpose. On this basis the amount from these two sources available for construction becomes available as follows; from a one mill tax and one-third increase of automobile licenses 1920-1928:

Year	1 mill tax	One-third licenses	Available for construction
1920	$1,447,000	$ 393,000	$1,840,000
1921	1,548,000	432,000	1,980,000
1922	1,625,000	475,000	2,100,000
1923	1,706,000	522,000	2,228,000
1924	1,793,000	574,000	2,367,000
1925	1,882,000	632,000	2,514,000
1926	2,013,000	695,000	2,708,000
1927	2,113,000	764,000	2,877,000
1928	2,218,000	830,000	3,048,000
	$16,345,000	$5,317,000	$21,662,000

In addition to the foregoing there are two other items which may be confidently counted upon in estimating the means available for road construction during the ensuing ten-year period. These items are federal aid and convict labor. If present federal aid is taken advantage of, there will be approximately available from this source:

1917	$100,000
1918	200,000
1919	300,000
1920	400,000
1921	500,000

It is believed that Congress will continue this maximum grant indefinitely, and in some quarters it is expected that the amount will be increased to at least $1,000,000 annually.

In addition, the State is at present working between 1,000 and 1,200 convicts on the roads at a cost of about $250,000 a year. Their value may be placed at this figure, although their actual value to the State is probably $600,000 a year. It may be assumed that one-half of this service is devoted to construction and one-half to maintenance. On this basis the following amounts are estimated to be available for construction in the years 1920-1928:

Year	1 mill tax and licenses	Federal aid	Convict labor	Total available
1920	$1,840,000	$ 500,000	$ 125,000	$2,465,000
1921	1,980,000	500,000	125,000	2,605,000
1922	2,100,000	500,000	125,000	2,725,000
1923	2,228,000	500,000	125,000	2,853,000
1924	2,367,000	500,000	125,000	2,992,000
1925	2,515,000	500,000	125,000	2,140,000
1926	2,708,000	500,000	125,000	3,333,000
1927	2,877,000	500,000	125,000	3,502,000
1928	3,048,000	500,000	125,000	3,673,000
	$21,663,000	$4,500,000	$1,125,000	$27,288,000

In addition the following sums are estimated to be available for highway maintenance over the same period, exclusive of county appropriations:

Year	Two-thirds licenses	Convict labor	Total available
1920	$ 786,000	$ 125,000	$ 911,000
1921	864,000	125,000	989,000
1922	950,000	125,000	1,075,000
1923	1,044,000	125,000	1,169,000
1924	1,148,000	125,000	1,273,000
1925	1,264,000	125,000	1,389,000
1926	1,390,000	125,000	1,515,000
1927	1,528,000	125,000	1,653,000
1928	1,660,000	125,000	1,785,000
	$10,634,000	$1,125,000	$11,759,000

It is probable that the exact amounts to be devoted to construction and maintenance should be left for determination by constituted authority. The combined amounts estimated to be available for construction and maintenance, exclusive of county appropriations in 1920-1928 are:

Year	Construction	Maintenance	Total
1920	$2,465,000	$ 911,000	$3,376,000
1921	2,605,000	989,000	3,594,000
1922	2,725,000	1,075,000	3,800,000
1923	2,853,000	1,169,000	4,022,000
1924	2,992,000	1,273,000	4,265,000
1925	3,140,000	1,389,000	4,529,000
1926	3,333,000	1,515,000	4,848,000
1927	3,502,000	1,653,000	5,155,000
1928	3,673,000	1,785,000	5,458,000
	$27,288,000	$11,759,000	$39,047,000

The foregoing plan has these advantages:

1—The legislature meeting in 1920 can levy the one mill tax and increase automobile licenses permitting contracts to be let and work begun the same year.

2—The total amount collected and spent in construction in the following ten years from these two sources is $21,662,000, as compared to $25,000,000, proposed issue of bonds.

3—In 1928 there will be no debt outstanding, and the work can be continued indefinitely if the public is so disposed.

4—All money raised will go into actual road construction, while in event of bond issue approximately $10,000,000 must b spent for interest.

5—The increase in automobile licenses is approximately equal to the one mill tax rate so that both parties pay for, and probably benefit equally from the improvement.

Experience has shown that it is idle in these days of heavy traffic to build lightly constructed highways and I have endeavored to plan for a system that will prove a boon and lasting benefit to our State. If we are to end the discussion of the benefits to be derived from good roads and to enter upon their building, we must be prepared to pay for them. I suggest that the next legislature be known as a "Good Roads Legislature," and that candidates be asked to declare themselves upon the subject during the coming campaign; that the next legislature be asked to levy a mill tax and also to increase the automobile tax which will start the State at once to road building.

It is time the State was rid of its swaddling clothes, so far as the Constitution inhibits the sale of bonds for road-building; the Constitution should be amended and the people should be permitted to say when the question can be submitted to them, whether they prefer to continue the policy which shall have been inaugurated, or to issue bonds instead.

I was elected Governor upon the promise that if permitted to do so, I would give the State a system of modern, substantial highways; I renew that pledge and shall leave no stone unturned to accomplish that end, which is fraught with happiness and prosperity for our people.

WESTMORELAND DAVIS.

GOOD ROADS ASSOCIATION.

RICHMOND, VIRGINIA.

10 A. M., *January* 15, 1919.

The question is:
"A State bond issue for the construction of the Highway System."

I deem it no small honor to address this association upon this subject. To understand the question, it may be well first to inform you of the present status of the State's bonded debt.

On the first day of this month the bonded debt of Virginia was $23,066,676.85, made up of the four items:

Riddleberger bonds, under act of 1882	$ 5,242,554.16
Century bonds, under act of 1892	14,905,147.65
School and college certificates, act of 1892	2,467,605.85
Old and unfunded, under act of 1918	451,369.17

The first two items now pay three per cent. interest; the third item pays six per cent., except a small portion which pays five per cent; and the fourth item pays no interest until funded under the century act above mentioned, when it pays three per cent from the interest period succeeding such funding.

The Riddleberger debt is what remains unpaid of the funded debt of 1882, called from Senator Riddleberger, the patron of the act in the Virginia legislature of that year. The century debt called 2-3's, because it paid two per cent. the first ten years, is what remains of the funded debt of 1892, called "Century," because the new bonds were payable in 1992, a hundred years after date. The Riddleberger bonds bore three per cent. and are payable in fifty years, or in 1932. The school and college certificates which are non-transferable, pay the original interest that the old bonds, for which they were issued paid. The reason being that the schools and colleges needed the higher rate of interest originally paid to maintain themselves, a view which received the sanction of the Debt Commission of 1892, as it had received the sanction of the authors of the settlement of 1882.

Bear in mind, that the public debt of which I have spoken, has no relation to, and does not affect the question of the West Virginia settlement, about which we read so much in recent years. After the Civil War in 1866, the interest on the public debt, which had been accumulating, was funded into principal, and about six millions of new debt added. Interest was again funded into principal in 1871, and by the act known as the consolidated debt act, an act which was the death of so many political reputations—it was declared in round numbers that the public debt of Virginia was about $45,000,000, and that as West Virginia had gone off with a good part of the assets of the old Commonwealth and should bear her part of the debt as she had promised to do on the face of her first Constitution, West Virginia should take $15,000,000 as her part of the debt, and Virginia should take $30,000,000 as her part.

This act was the Iliad of many of our woes. The $30,000,000 which Virginia assumed was to bear interest at six per cent., making an annual interest charge of $1,800,000 per annum, when the total revenue of the Commonwealth, taxed to its utmost, with a new school system to begin, was less than $2,800,000. This annual interest charge, which left less than $1,000,000 to meet the total demands of the State which had been prostrated and dismembered was made tax receivable, and the coupons

bore the fact upon their face. No criticism is intended for those gallant souls who in order to maintain the credit of the State, attempted the impossible. At the present time it takes about ten per cent of the State's gross revenue to pay the interest and sinking fund upon the public debt. In 1871, the legislature of Virginia devoted nearly sixty-five per cent. of such gross revenue.

In 1879 the McCullough bill was passed, which proposed to reduce the rate of interest to three per cent. for ten years, four per cent. for twenty years, and five per cent. for ten years. The bonds were called Ten-forties. This act retained the tax receivable feature. It was ineffective.

In 1882 the Riddleberger bill was passed, which scaled the debt to about $21,000,000, fixed the rate of interest at three per cent., and abandoned the tax receivable coupon feature. Under this act about $9,000,000 of the debt were funded, and for ten years the courts, State and federal, were busy with litigation opposing, and defending the State's action.

In 1892 the century settlement was made and affirmed by the General Assembly. This act which in the suit of *Virginia* v. *West Virginia* has been declared to be a full and complete settlement between the parties was in effect, as follows:

(1). The Riddleberger bonds already funded to stand and bear three per cent.

(2). The rest of the old debt to be treated about on this plan: for every twenty-eight bonds surrendered of the former issues, after cutting off one-third for West Virginia, if not already done, there was to be an issue of nineteen new bonds to bear two per cent. for ten years and three per cent. for ninety years—the tax receivable feature of the coupons to be eliminated, and such bonds to be free of taxes.

The Riddleberger act and all other funding acts were at the same time repealed, and a sinking fund was established to begin in the year 1910, fixed at about $120,000 a year, until 1930, and to be about $240,000 per annum for the rest of the period that the bonds had to run.

Between October 1, 1893, and October 1, 1918, a period of twenty-five years, the public debt has been reduced $7,202,034.37 from $30,339,-639.32 to $23,137,604.95, and is being reduced more rapidly each year, as in addition to the Sinking Fund already mentioned, as about $120,000 per annum, the State has applied to such Sinking Fund, interest on the holdings of the Richmond, Fredericksburg and Potomac Railroad, which amounts annually to about $79,000 per annum, an increase of fifty per cent. within the last four years, and since 1906 has allowed the Board of Sinking Fund Commissioners to collect interest upon the bonds bought for the Sinking Fund, and which amount to about $70,500 per annum. Such cancelled bonds are no part of the public debt and not included therein. With these three items, the Board of Sinking Fund Commissioners, which consist of the Auditor of Public Accounts, the Treasurer and the Second Auditor, have bought the State's bonds on the open market and throughout the period of the war have maintained the credit of the State, and the stability of her securities. The century bonds are selling around .80, and the Riddleberger around .88—the difference being due to the fact, it is said, that the last named mature and will be payable at par in thirteen years. No one can tell but by that time both issues may be at par. Last year the public debt was reduced $331,217, of which $158,617 were century bonds, and $172,600 were Riddleberger bonds.

Of the public debt mentioned in the beginning of this address the Literary Fund held as of October 1, 1918, $2,095,727.28, of which $515,800 are century bonds, and $1,579,927.28 are Riddleberger bonds.

The Retired Teachers' Fund held October, 1918, $95,1000, of which $85,700 are century bonds, and $9,400 are Riddleberger bonds.

There were in the hands of the public, October 1, 1918, $18,027,-690.15, of which $14,353,163.27 were centuries and $3,674,526.88 were Riddlebergers.

The bonds held by the Literary Fund and Retired Teachers' Fund bear interest and are a part of the debt; but it is interesting to know how much of the public debt is in the hands of the public as contra-distinguished from what is held by the State's boards. Hence the last table mentioned.

In round numbers it takes $840,000 a year to pay the interest on the public debt, including the interest paid the Sinking Fund already mentioned. The registered debt interest is mailed in January and July to the holders as shown by the books of the Second Auditor's office; and the coupon debt interest is paid upon presentation of the interest coupons at such office. Nearly eighty-five per cent. of the Virginia Public Registered debt is held in Virginia. And by analogy an equal amount of the coupon debt is thought to be so owned. About twenty per cent. of the Riddleberger debt, and about thirty per cent. of the century debt is in coupon bonds.

The State is meeting her obligations with promptness and ease, and the provision allowing fiduciaries who invest in her securities to be saved harmless is wise and salutary. Though the rate of interest is only three per cent., there are no taxes or levies imposable.

I have given this account of the public debt of Virginia that you may know what the present bonded debt is as a guide for future action. That public debt was incurred for the purpose in the main of internal improvements. The State used to subscribe to two-fifths of the stock of such companies, and sell its bonds to provide the money so subscrib taking the stock of the company. The public debt reported January 1, 1852, was $11,971,838.30. On January 1, 1861, as determined in the suit of *Virginia* v. *West Virginia*, it was $33,897,072.82.

So that in the nine years immediately preceding the secession of the State the public debt was increased $21,925,234.52.

The question of a bond issue for roads resolves itself into the following propositions:

(a). The wisdom of it.

(b). The method of it.

The same difficulties are involved in considering the wisdom of a bond issue for roads as are involved in any bond issue by the State; and indeed are more or less related to the issue of bonds by corporations and individuals. There was once a theory that a national debt was a national benefit, based upon the idea that no people would overturn a government and thereby lose the obligations which the government had assumed.

The arguments for a bond issue are obvious: The present needs; the benefits to the present generation with the burdens distributed through the years, so that the future which shall receive these benefits shall pay its part of the burdens. The arguments against a bond issue are equally obvious, if not so potent. Why tax the future and impose a burden upon posterity in which it has no voice? Why run the risk of imposing a debt when there may be improvements and developments that may render such outlay an extravagant undertaking?

The vital questions appear to be "How well will the money be expended?" "How well will the work be done?" "How well will the work be maintained when done?" "Will the work when undertaken be for the public good, or will it be used for private advancement?" In other words "will the undertaking be efficiently executed?"

Fortunately for us, no one can question the integrity and ability of our Highway Commission. Its institution has been a blessing to the Commonwealth. **Road-building** has become a scientific proposition in which **road maintenance** is an essential element. The powers of the Commissioner are sometimes regarded with suspicion by the local authority who thinks it can, and often can do a certain work cheaper and better at a certain point. Let it be remembered, however, that the coming of the Highway Commission was the coming of the scientific method. While Claiborne Mason might build a bridge before the engineers com-

pleted the "drawing," the experience of mankind shows "drawings" necessay. Even now clay is piled up in the autumn upon roads which should be left untouched till spring, and a mulch of leaves keeps the road moist that water may abide rather than escape from the road bed.

(b). The method of a bond issue for roads in Virginia is a difficult one. Our Constitution makers remembered the troubles that Virginia had gone through with reference to the public debt, and provided both in the Constitution of 1869, and in that of 1902, that no debt should be contracted by the State, except to meet casual deficits in the revenue, to redeem a previous liability of the State, to suppress insurrection, repel invasion, or defend the State in time of war.

Some have argued that the exception in the 185th section of the State Constitution of 1902, providing "nor shall the State become a party to, or become interested in any work of internal improvement, except public roads," took roads out of the prohibition above referred to; but such a position cannot be maintained, as the two sections must be read together, and the provision in the latter section has for its object to prevent the State from becoming a party to any work of internal improvement, except **public roads.**

To change the provision of the Constitution will require a vote of two successive legislatures, and a vote of the people. So it is evident that about five years must elapse before there could be any bond issue for roads. And of course such issue would depend upon the wishes of the people as expressed by two legislatures, and by their own voice. The Constitution of Virginia has, as you see, some similarity to that of the Medes and Persians. It changes not, until the people twice, by their agents, the legislatures, and once by their majestic selves, have voted therefor.

I think I have completed my part of the discussion, as it was submitted to me, with reference to the issue of State bonds for the construction of the Highway System.

In spite of all the demands made by the great war, Virginia has advanced her Highway System. She has attempted great things, and accomplished much. In a free country where every citizen has the right to express an opinion on any public question, it is always difficult to establish a new system of any sort. Localities differ among themselves as to the proper place for the highways. Self interest, often prevails over the public interest, and selfishness over public spirit. Men away from the highways as defined, feel themselves neglected. Communities isolated, think themselves badly treated. Yet with such difficulties the legislature of Virginia has not hesitated to grapple. With a strong body of men who made a study of the question, and who had at all times the aid of the Highway Commissioner, a proposition was submitted and accepted, and laid before the people of Virginia for consideration.

Errors of detail may have crept in; but the study of the map shows a wonderful plan—a system.

When Rome ruled the world, from the mile stone in the forum there ran a system of highways into every country which she governed. Many of these roads survive as in the days when Caesar led his legions in Gaul. Many of these roads have been destroyed in the late war. The road is as typical of civilization as the school is. Each is essential. Each needs constant care. Let this representative body of Virginians support the Highway System. Let the hog wallow statesemen weep and lament the days when a ten-foot lane with mud up to a mule's belly, which his influence had run on three sides of his plantation was his ideal of democratic liberty; but let a broad, well graded, well kept highway run through his gravel fields, so that the school children and commerce-bearing vehicles, and mail carriers and country neighbors and city friends, and all the elements of society which make a happy land may pass and repass, and the salutation "A pleasant day this": shall, as in France, mean, "A pleasant journey this."

ROSEWELL PAGE.